

Message Text

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53

ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 EB-11 COME-00 INT-08 SCEM-02 SCI-06 OMB-01

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E.O. 11652: N/A

TAGS: ENRG, ECON, EFIN, FR

SUBJECT: DEVELOPMENTS ON ENERGY FRONT

1. THE GOF HAS MADE THE FOLLOWING ANNOUNCEMENTS DEALING WITH
THE ENERGY CRISIS DURING THE PAST TWO DAYS:

2. SPEAKING TO A GROUP OF JOURNALISTS ON JANUARY 3, PRESIDENT
POMPIDOU MADE THE FOLLOWING COMMENTS REGARDING SECRETARY KISSINGER'S
ENERGY ACTION PROPOSAL: "IF IT IS A QUESTION OF AN ASSOCIATION
OF RICH COUNTRIES, I SAY NO, BUT IF IT INVOLVES A DIALOGUE BETWEEN
THE RICH AND THE POOR COUNTRIES, THEN WE CAN GO ALONG WITH IT."

3. FINANCE MINISTER GISCARD D'ESTAING ANNOUNCED ON JANUARY 2
THAT PRICES INCREASES FOR PETROLEUM PRODUCTS WILL BE ANNOUNCED
NEXT WEEK. BEFORE ANNOUNCING THE INCREASES, HE ADDED, THE
GOVERNMENT WILL WAIT UNTIL ALL PRODUCING COUNTRIES HAVE ANNOUNCED
THE NEW POSTED PRICES. HE ALSO SAID THAT THE GOVERNMENT HAS
NO INTENTION OF USING THIS OCCASION TO INCREASE TAXES ON PETRO-
LEUM PRODUCTS AT THIS TIME. THE NEW PRICES, HE SAID, WOULD SIMPLY
REFLECT THE INCREASED COST OF CRUDE AS A RESULT OF THE NEW POSTED
PRICES. HE DID POINT OUT THAT THE NEW LANDED PRICES FOR PETRO-
LEUM WOULD INCREASE THE VALUE ADDED TAX (TVA), BUT HE ADDED THAT
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THE GOVERNMENT MAY DECIDE TO REDUCE TAXES ON CERTAIN PRODUCTS

DEPENDING ON THE OUTCOME OF REVENUE AND DEMAND EFFECT STUDIES
PRESENTLY BEING CARRIED OUT.

4. PARTIAL RATIONING OF NATURAL GAS IN FRANCE BEGAN JANUARY 3.
THE GOF CHOSE TO SPREAD OUT THE SHORTAGE'S IMPACT BY ANNOUNCING
25 PERCENT ACROSS-THE-BOARD CUT-BACK BY COMBUSTIBLE GAS
SUPPLIERS. FIFTY-THREE DEPARTMENTS (OF TOTAL OF 95) WILL BE
AFFECTED. RATIONING APPLIES TO: A) ALL INDUSTRIES WHICH USE
LACQ (FRANCE) - OR ALGERIAN-TYPE NATURAL GAS OR GAS MADE FROM
NATURAL GAS AND WHICH ARE SUPPLIED BY COMPAGNIE FRANCAISE DE
METHANE OR GAZ DE FRANCE; B) ALL INDUSTRIES IN REGIONS OF
PARIS, SEINE-MARITIME, EURE, CALVADOS, AND OISE; AND C) ALL OTHER
CONSUMERS, PARTICULARLY HOUSEHOLD USERS, IN 53 SPECIFIED DE-
PARTMENTS. THE DIRECTOR OF GAS, ELECTRICITY, AND COAL WILL BE
ABLE TO ORDER SUSPENSIONS OF SUPPLIES TO ANY CONSUMER EXCEEDING
HIS QUOTA UNLESS PRIOR AUTHORITY HAS BEEN RECEIVED. FRENCH PRESS
SOURCES INDICATE CURRENT RATIONING IS DUE ONLY TO TECHNICAL
DIFFICULTIES (RUPTURE OF ALUMINUM PIPES) AT SKIKDA, ALGERIA
LIQUIFICATION PLANT. HOWEVER, GOF IS REPORTEDLY READY TO
TIGHTEN RATIONING IF DELIVERIES FROM GRONINGEN (NETHERLANDS)
ARE DECREASED.

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